



FEDERAL EMERGENCY MANAGEMENT AGENCY

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**FLOOD PROGRAM TO PAY CLAIMS
FOR ANTICIPATED EROSION DAMAGE**

WASHINGTON -- June 1, 1988, is a significant date for any property owner whose building may be subject to damage as a result of water-related erosion.

Under provisions of the Housing and Community Development Act of 1987, owners of buildings subject to "imminent collapse or subsidence" as a result of erosion may be eligible for claim payments from the National Flood Insurance Program (NFIP) to relocate or demolish the building, if flood insurance coverage is in place before June 1.

After that date, to be eligible for this coverage, flood insurance has to be in effect for two years (or the period of ownership, if less) before the building is condemned or certified to be subject to collapse or subsidence. The provisions of the law related to this erosion coverage expire Sept. 30, 1989.

Before the new law became effective, NFIP followed standard insurance industry practices and paid claims only when damage actually occurred.

(more)

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Flood Program to Pay Claims - Add 1

Under the new law, the owner may relocate an NFIP-insured building to a location beyond established erosion set-back lines, in which case the NFIP will pay up to 40 percent of the value of the building for the expense of the move.

Should the owner of an insured building subject to damage choose to demolish the building, he/she could be eligible for a claim equal to the value of the building or the amount of insurance coverage in place, whichever is less, plus up to 10 percent for the cost of demolition.

Payments will not exceed the actual cost of either demolition or relocation.

NFIP provides flood insurance coverage for buildings only. Thus, there can be no claims for damage to the land caused by erosion.

Until the Federal Insurance Administration (FIA), which administers the NFIP, publishes final regulations required by the law, buildings are eligible for the new coverage only when they are condemned (or otherwise declared uninhabitable) by an appropriate state or community official and are determined to be subject to imminent collapse or subsidence.

When regulations are in place, the appropriate local or state official will have to certify that the danger exists.

FIA, part of the Federal Emergency Management Agency, will contract with the National Academy of Sciences to obtain recommendations on methodologies for developing erosion rate data, as required by the new law.

The NFIP is a program of the federal government, but flood insurance may be purchased through any licensed insurance agent or broker.

Federal Emergency Management Agency

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